(b) Does not arise.

(c) The Central Government has adopted a multi-pronged strategy to tackle the problem of naxalism which includes:—

(i) Having a peace dialogue by the effected States, whereve̊ feasible, with naxal groups willing to abjure violence.

(ii) Modernization and strengthening of the State Police forces, long term deployment of Para Military forces, intensified intelligence based well-coordinated anti-naxalite operations.

(iii) Focused attention on integrated development of the affected areas and

(iv) Removal of socio-cultural alienation of people, gearing up of public grievances redressal system and creation of Local Resistance Groups.

New Arms Procurement Policy

999. SHRI DARA SINGH: Will the Minister of DEFENCE be pleased to state:

(a) whether Government have recently announced a new arms procurement policy for future defence deals;

(b) if so, what are the guidelines laid down therein to prevent unfair trade practices;

(c) what provisions have been made to ensure that new procurement procedure is transparent, quick and beneficial to our domestic industry;

(d) whether any limit of advance investment in India required by foreign arms sellers; and

(e) the details of budgetary allocations made during this year (2005-2006) and how much we have incurred till date or likely to incure in future/ pending defence deals?

THE MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE): (a) to (d) A new Defence Procurement Procedure (DPP)-2005 has been promulgated, and it came into effect from 1st July 2005. The DPP-2005

incorporates several provisions to ensure transparency and cut down delays in the procurement process. Some of these provisions include the following:—

(i) Making Qualitative Requirements more broad based so as to avoid single vendor situations.

(ii) Open tendering for commercially off-the-shelf (COTS) items.

(iii) Direct Offsets and Integrity Pact as part of the Request for Proposal (RFP) for purchases over Rs. 300 crores.

(iv) Standard Contract terms upfront as part of the RFP.

(v) Joint Services Qualitative Requirements for equipment common to the three Services.

(vi) More objective evaluation criteria in line with the suggestion of the Ministry of Finance be incorporating Discounted Cash Flow and Exchange Rate Variation techniques.

(vii) Incorporation of appropriate guidelines of CVC and inputs from C&AG in the new procedure.

(viii) Broad timeframe for completion of different procurement activities.

An offset clause has been included in the DPP-2005, which requires foreign suppliers to provide 30% offset for all capital acquisitions of value above Rs. 300 crore.

(e) Budgetary allocation for Capital acquisition in respect of Armed Forces for 2005-06 is Rs. 31456.94 crore and expenditure booked upto 30th June, 2005 is Rs. 1713.13 crore. The expenditure likely to be incurred during remaining part of 2005-06 would depend upon the completion of identified milestones by the vendors with whom contracts have been entered into and fructifying of new acquisition proposals.

Modernisation of Navy

†1000. SHRI MANGANI LAL MANDAL: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that an apprehension is gaining ground about

†Original notice of the question was received in Hindi.